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SUMMARY RECORD OF THE 5th MEETING

Chairman: Mr. ZAHID (Morocco)
(Vice-Chairman)

later: Mr. DINU (Romania)
(Chairman)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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In the absence of Mr. Dinu (Romania), Mr. Zahid (Morocco), Vice-Chairman, took the Chair.

The meeting was called to order at 10.20 a.m.

AGENDA ITEM 106: CURRENT FINANCIAL CRISIS OF THE UNITED NATIONS (continued) (A/47/484, A/46/600 and Add.1-3, A/46/765; A/C.5/47/13)

AGENDA ITEM 107: FINANCIAL EMERGENCY OF THE UNITED NATIONS (continued) (A/47/484, A/46/600 and Add.1-3, A/46/765; A/C.5/47/13)

AGENDA ITEM 124: ADMINISTRATIVE AND BUDGETARY ASPECTS OF THE FINANCING OF THE UNITED NATIONS PEACE-KEEPING OPERATIONS (continued) (A/47/484, A/46/600 and Add.1-3, A/46/765; A/C.5/47/13)

1. Mr. BIVERO (Venezuela) said that the changes in the international situation had presented the United Nations with new challenges and new opportunities. At a time when expectations and demands had both reached new heights, the increase in outstanding contributions was alarming. A financial situation marked by perennial deficits, inadequate reserves and constant uncertainty about the immediate future could not be allowed to continue. It not only risked damaging the Organization's credibility but threatened its capacity to function and hampering the effectiveness of the peace-keeping operations to which it owed much of its new prestige.

2. His delegation agreed with the Secretary-General that the persistent financial difficulties of the United Nations were intrinsically unacceptable as they stemmed from the neglect by a number of Member States of their legal obligations towards the Organization and were becoming politically incongruous and increasingly damaging to the implementation of mandated programmes.

3. It was paradoxical as well as regrettable that time and money should have to be spent on seeking solutions to problems created by Member States which were, at the same time, calling for greater efficiency and rationalization of the management of the Organization's resources and activities.

4. The proposal to charge interest on overdue contributions had some merit. It could perhaps be applied only to past and not current years. Regarding the 30-day time-limit, it should be remembered that national budgetary practices needed to be taken into account, particularly in respect of contributions to peace-keeping operations which could not be foreseen. On the other hand, authorizing the Secretary-General to borrow commercially would merely penalize the good payers further.

5. The proposals to increase the Working Capital Fund and to establish a Peace-keeping Reserve Fund were not a real solution to the current financial difficulties. Unless all Member States fulfilled their obligations, increasing reserves would only place an additional burden on the countries

(Mr. Bivero, Venezuela)

which paid on time. The problem lay in the way the reserves were financed, rather than the amount. His delegation was nevertheless prepared to consider the proposed measures, provided the distinction between the respective financial mechanisms was maintained, the principle of separate scales of assessment was guaranteed, and the principle of the collective responsibility of Member States to finance the Organization without condition as to specific programmes or activities was respected. It was willing, in particular, to consider the establishment of a Peace-keeping Reserve Fund, while bearing in mind the difficulty of forecasting the magnitude and diversity of actual operations. The arrangement whereby the General Assembly would appropriate one third of the estimated cost of each new operation as soon as the Security Council established it should be considered together with the Reserve Fund proposal.

6. The idea of establishing a Peace Endowment Fund had merit, although it also had implications for the nature of the Organization, its mission and the obligations of Member States. Venezuela believed that no budgetary initiative could, or should, alter the responsibility of Member States to bear the expenses of the Organization.

7. Although it could, in certain cases, be important for the Secretary-General to be able to use his authority to award contracts without competitive bidding, it should be done only in exceptional and previously defined circumstances.

8. On the plan for financing peace-keeping operations, his delegation reiterated the position stated by the Rio Group during the consideration of the Secretary-General's report entitled "An agenda for peace" (A/47/277-S/24111) in the plenary Assembly: such financing was a collective but differentiated responsibility. The permanent members of the Security Council had a special responsibility. The special scale used to determine assessments for peace-keeping operations should be institutionalized, thus giving the existing system stability and predictability.

9. Mrs. CHANDRAPRABHA (Thailand) said that the Government of Thailand supported the Secretary-General's efforts to remedy the United Nations financial problems through both short- and long-term measures. Accordingly, her delegation agreed, in principle, with the proposal to charge interest on late payments of contributions, since the root cause of the Organization's problems was the failure by Member States to pay their assessed contributions on time. However, because procedures for budget approval differed from country to country, the time-limit of 60 days was not realistic and required further study.

10. Her delegation attached great importance to the Working Capital Fund. Because of the cash shortages which arose pending the receipt of contributions, the Fund should be increased to a level that would provide sufficient liquidity to enable the Secretary-General to advance payment in cases of emergency.

(Mrs. Chandraprabha, Thailand)

11. Her delegation was not convinced of the need to resort to commercial loans at the current stage. The suggested interest on late payments would not be sufficient to cover the interest on commercial loans. Moreover, if the United Nations were to borrow commercially, it might fall heavily into debt and the burden of interest payments would eventually be passed on to those Member States which had complied with their financial obligations. The proposal needed careful examination in all its aspects.

12. Given the expanding role of the Organization in humanitarian assistance, her delegation agreed that a complementary central funding mechanism was needed to ensure adequate resources for the initial phase of emergency action. It therefore endorsed the proposal in General Assembly resolution 46/182 to create an emergency revolving fund of the order of $50 million to be financed by voluntary contributions. With such a fund, the Organization would be better prepared to respond rapidly to an international emergency.

13. While the demand for United Nations peace-keeping operations continued to increase, the basic financial problems connected with such operations remained unsolved. Monthly expenditures for all peace-keeping operations amounted to approximately $220 million but unpaid contributions to those operations amounted to well over $600 million. Her delegation therefore supported the proposal to establish a temporary Peace-keeping Reserve Fund of $50 million to meet initial expenses of peace-keeping operations pending receipt of assessed contributions. It also supported the proposal for a Peace Endowment Fund, made up of a combination of assessed and voluntary contributions, the latter being sought not only from Governments but also from the private sector and individuals, in order to create a sound and stable financial basis for future operations. It would not be the first time that the private sector had helped to support the work of the United Nations.

14. Major financial reforms along the lines suggested were needed immediately. They would go far to relieve the Organization of its crippling financial constraints and allow it to carry out the task assigned to it. No reorganization or reform of the United Nations would work unless its financing was rationalized. The decision to form an international advisory group to study the financial problems in depth and propose specific reforms was timely. However, the most important factor in solving the financial crisis remained the political will of all Member States to honour the financial obligations deriving from resolutions which all Member States had adopted. Her country shared the common desire to achieve world peace and stability and would continue to provide its financial support for that purposes.

15. Mr. SIAKALENGE (Zambia) said that Zambia was deeply concerned about the United Nations critical financial situation and strongly believed that Member States should give the Organization both political and financial support by paying their outstanding and current assessed contributions on time. At the same time, his delegation was aware that both developed and developing countries were experiencing financial problems, due mainly to the slow-down in

(Mr. Siakalenge, Zambia)

the world economy. Clearly, Governments were in much the same financial bind as the Organization. Recession was hurting their revenues and often increasing their spending obligations, their public debt was already large, and tax increases would be politically difficult to implement. Notwithstanding such constraints and considerations, however, his delegation continued to believe that it was the solemn responsibility of all Member States to honour their financial obligations promptly and in full. The capacity of the Organization to carry out its expanded responsibilities depended on the fulfilment of those obligations.

16. Despite its financial difficulties, Zambia had taken steps to settle its outstanding assessed contributions to the regular budget of the United Nations and to peace-keeping operations. Since the end of July 1992, Zambia had significantly reduced its arrears and it intended to be current by the end of the year. It was mindful of the increased role of the United Nations in various fields, including the promotion of economic and social development, and was acutely aware that the maintenance of peace and security was a costly but necessary expenditure in a world that continued to be unstable and uncertain.

17. The Secretary-General's report on the work of the Organization (A/47/1) highlighted the sudden increase in the number of peace-keeping operations. It was doubly unfortunate that, at a time when United Nations activities had increased significantly both in quantity and importance, the availability of both regular and extrabudgetary resources had rapidly declined. His delegation was concerned also about the rate at which the Working Capital Fund had been declining over the years as a percentage of annual assessed contributions. It had noted with interest the measures suggested by the Secretary-General in that connection.

18. His delegation was committed to exploring ways and means of improving the Organization's finances and was ready to discuss any proposals by the Secretary-General or Member States for improving the financial position, including the appropriate level of the Working Capital Fund and changes in the financial regulations to reflect changing times.

19. Member States must work, individually and collectively, to mobilize the necessary political and financial support in order to avert any further serious damage to the United Nations financial position. However, it would be difficult to solve the United Nations financial crisis as long as well over one third of Member States continued to have serious difficulties in servicing their many other international obligations. In particular, much remained to be done for the poorest developing countries, some of which were heavily indebted. It would be highly unfortunate if United Nations programmes and activities were to be delayed, or discontinued altogether, on purely financial grounds, with no account being taken of their original purpose.

20. Mr. SARDENBERG (Brazil) said that the volume of outstanding contributions to the regular budget and peace-keeping operations explained most of the United Nations current financial problems. Unfortunately, despite its best attempts to pay in full and on time, Brazil was still one of the many Member States in arrears. It had not withheld a penny for political reasons, however, and its long-standing commitment to the Organization had not abated. Economic adjustment in Brazil had brought noticeable constraints. Negative net financial transfers between 1982 and 1990 and increasing protectionism in external markets had taken their toll on the national economy. According to the data in the report of the Committee on Contributions (A/47/11), Brazil had the fifty-third largest per capita income among Member States . Nevertheless, it was the tenth largest contributor to the regular budget because the methodology for assessment grossly overweighted the size of its economy. In the last decade, its GDP had been consistently lower than the world average. Nevertheless, Brazil expected to pay off its current arrears shortly, and hoped soon to be able to resume its voluntary contributions to the many activities of the Organization that depended upon extrabudgetary resources.

21. There was more to the United Nations financial crisis, however, than a failure by Member States to pay their contributions in full and on time. The number of peace-keeping operations, the dimensions and timing of which were beyond the control of the Organization, had strained to the limit the financial capacity of Member States to join in the common cause. Cash-flow shortages placed an increasing demand on the peace-keeping operations accounts as well as on the regular budget. There was a persistent need for a more equitable sharing of expenses among Member States. There was also considerable room for improvement in the efficiency and effectiveness of the functioning of the United Nations. Many of the ideas put forward by the Secretary-General needed more thorough assessment. The Committee was not confronted with a one-dimensional problem and it was unlikely that it would be able to deal with its manifold interconnected aspects by an early date.

22. He noted that under the proposal to charge interest on the amount of assessed contributions in arrears, interest was to become due within 30 days. National budgets frequently followed fairly rigid timetables. It was also extremely difficult to anticipate the full cost of peace-keeping operations. It was therefore neither reasonable nor fair to charge interest on arrears, or to do it indirectly by giving Member States a discount for prompt payment. Regarding the proposal to retain budget surpluses, he said that Member States had reluctantly accepted the practice in the past as a way out of the liquidity crisis. However, institutionalization of such a practice would distort the whole programme-budget exercise. Regarding the proposal to increase the level of the Working Capital Fund, he noted that the Advisory Committee had already advised against it in 1990. On the proposal to establish a $50 million peace-keeping reserve fund, more information was needed. Regarding authorization for commercial borrowing by the Secretary-General, he endorsed the Advisory Committee's opinion that borrowing in the commercial market would not be prudent. With regard to the Secretary-General's proposal to establish a United Nations Peace Endowment

(Mr. Sardenberg, Brazil)

Fund, his delegation questioned the wisdom of combining governmental and non-governmental, public and private, financial support for operations relating to the maintenance of international peace and security. The other ideas mentioned by the Secretary-General in his report "An agenda for peace" needed further refinement before the Committee could reasonably begin to discuss them.

23. The Secretary-General's most recent report on the financial situation of the United Nations (A/C.5/47/13) contained three additional proposals. On the proposal to authorize the Secretary-General to employ his authority to award contracts without competitive bidding, his delegation fully understood that exceptional political and operational considerations could make it necessary for the Secretary-General to resort to that authority. On the other hand, some of the findings and comments in the report of the Board of Auditors (A/47/5) were cause for concern. According to the report, in the biennium 1990-1991, only 17 per cent of purchase orders issued had been awarded through the bidding process. On the proposal that one third of the estimated cost of each new peace-keeping operation should be appropriated by the General Assembly as soon as the Security Council decided to establish it, his delegation believed it would be worthwhile studying ways and means of enabling the General Assembly to approve an initial amount before the corresponding budget was finalized and submitted to the Advisory Committee. It could support a proposal on those lines as a means of coping with the United Nations financial problems on a provisional basis, but it could not support it as a regular practice.

24. Mr. KABIR (Bangladesh) said that the new opportunities for world peace, security and development had placed the United Nations at centre stage of world affairs and reconfirmed its importance as the fundamental entity within the international community. New and unprecedented responsibilities had been added to the Organization's already broad mission, particularly in the area of peace-keeping operations. However, those additional responsibilities had not been matched by a commensurate financial commitment. A total of $1.47 billion in regular budget and peace-keeping assessments was outstanding.

25. Clearly, no organization could operate smoothly, much less fulfil its responsibilities, in such a critical financial situation. Over the past six years the Secretary-General had repeatedly brought the fact that the United Nations was on the verge of bankruptcy to the notice of the Member States. The political, substantive and managerial impact of the situation was clear to all. The goals of the Charter would remain elusive as long as the Organization was undermined by the financial crisis. His delegation fully shared the frustration of the Secretary-General, who had regretted that at a time when the world community had entrusted new responsibilities to the United Nations, the Organization continued to find itself on the brink of insolvency.

26. The failure of Member States to pay assessed contributions in full and on time had caused that unhappy situation. His Government had, for its part,

(Mr. Kabir, Bangladesh)

paid its contribution in full. The critical financial situation had forced the Organization to call upon the cash reserves for peace-keeping operations, and when they had been exhausted, to borrow from other funds which had cash in excess of their immediate requirements. Despite the Secretary-General's warnings, the pattern of payment of assessed contributions continued to deteriorate. Stopgap measures were no longer feasible. The only viable and permanent solution was the full and timely payment of contributions to both the regular budget and peace-keeping operations. The growth of peace-keeping operations meant that peace-keeping assessments now exceeded assessments under the regular budget, and the fact that some $640 million in peace-keeping assessments remained outstanding meant that some operations could not meet their obligations, necessitating borrowing from other operations. Moreover, an amount of $200 million was owed to troop-contributing countries. The result was that the Organization's ability to mount future peace-keeping operations might well be impaired. The situation must be rectified as a matter of urgency.

27. With regard to the Secretary-General's proposals, the charging of interest on late contributions was unlikely to be effective unless an effort was made to address the reasons given by Member States for late payment. Given the enormous amounts of assessments outstanding, charging interest might result in an increase in income on paper only, since the question would arise of the willingness of Member States to pay the interest charged. In addition, countries' differing budget cycles caused delays in payments to the Organization. In that connection the 60-day period proposed by the Secretary-General was inadequate.

28. The suspension of financial regulations 4.3, 4.4 and 5.2 to permit the retention of budget surpluses, would provide only a temporary solution, and it was not fair to fail to return surpluses due to Member States. Further, the proposal to increase the Working Capital Fund should not be seen as a solution to the Organization's current difficulties, and the total amount of assessments outstanding should not determine the level of the Fund. The Fund was a mechanism for ensuring an adequate cash flow, and could work properly only if Member States honoured their financial commitments.

29. Concerning the suggestion that the Organization should borrow commercially, it was not prudent to borrow on the open market to compensate for non-payment of assessed contributions. Commercial borrowing would unnecessarily expose the Organization to further financial strain, unless the Organization had resolved the issue of outstanding contributions and was already sound financially.

30. His delegation welcomed the proposal for the establishment of a Peace-keeping Reserve Fund, which could be created by transferring residual fund balances from UNTAG and UNIIMOG, once the interests of those Member States which had fulfilled their financial obligations to the Organization had been taken into account. The proposal to establish a Peace Endowment Fund at

(Mr. Kabir, Bangladesh)

a level of $1 billion, though laudable, appeared to be over-ambitious. He questioned whether Member States would make contributions to such a fund when they were not paying their assessed contributions anyway.

31. His delegation was extremely concerned at the Organization's financial situation and its impact on world peace, security and development. No organization could function properly, much less effectively, in the midst of enormous financial uncertainty. While the Secretary-General's proposals represented movement towards a long-term solution, they did not adequately address the immediate problem. The key lay in the political willingness of Member States. A constructive solution must be found.

32. Mr. HOHENFELLNER (Austria) said that the financial situation of the United Nations had been a serious problem in recent years, and efforts to redress it, such as the introduction of a new decision-making process and enhanced budgetary discipline, had not led to a solution. On the contrary, the percentage of the current year's regular budget assessed contributions received was the lowest since 1985. The situation was essentially due to a failure on the part of some major contributors to make payments.

33. The constant burdening of the Organization with more activities, while there was a stagnating budget already placed the United Nations in a difficult situation. In such a context non-payment by some Member States was unacceptable. It was unfair to those States that did pay. In addition, non-payment of peace-keeping assessments placed an additional burden on troop-contributing countries. The situation threatened to erode the readiness of such countries to support payments to the Organization while at the same time being owed reimbursements in respect of troop contributions.

34. His delegation strongly appealed to all Member States in arrears to fulfil their obligations under the Charter as soon as possible. Immediate compliance by Member States would solve the financial crisis.

35. His Government strongly supported the United Nations and its goals, and Austria was particularly proud to be one of the host countries of the United Nations system. Austria was one of the 18 Member States that had met all their financial obligations, and it would continue to do so.

36. A viable long-term solution must be found. The new budgetary process introduced pursuant to General Assembly resolution 41/213 had not produced the expected results, and adopting budgetary decisions by consensus had not increased the willingness of some Member States to pay their share of the expenses they had agreed to.

37. His delegation supported the proposals to charge interest on unpaid contributions, increase the Working Capital Fund, and establish a revolving Peace-keeping Reserve Fund. While implementation of those proposals would mitigate the current crisis, a durable solution could be found only through strict compliance with Article 17 of the Charter and financial regulation 5.4.

AGENDA ITEM 110: PATTERN OF CONFERENCES (continued) (A/47/7/Add.1, A/47/32, A/47/287 and A/47/336; A/C.5/47/1)

38. Mr. SENA CARDOSO (Brazil) said that in considering indicators such as benchmark figures for the utilization of conference services, or the notional per hour cost of meeting time, delegations should bear in mind that while means were finite, cost-saving measures had to be seen in a broader context. Such figures were indicative only and could not be seen as absolute values which should serve as automatic triggers for the use of conference services. Nevertheless they could prove to be helpful indicators for the work of the Committee on Conferences, as could the indices for assessing the availability of pre-session documentation.

39. His delegation deplored the persistent late issuance of pre-session documentation - a key factor in the utilization of conference services. A serious attempt to redress the question of late issuance was needed. Improved control over the documents preparation process, from drafting to physical distribution, should be given priority attention. He fully supported the view of the Committee for Programme and Coordination regarding application of the six-week rule. CPC had stated its willingness to refuse to consider agenda items for which pre-session documentation was presented after the beginning of the session.

40. His delegation endorsed the recommendation on the revision of programme 39 of the medium-term plan, and agreed that subsidiary bodies should seek the technical advice of the Office of Conference Services in order to improve the utilization of conference-servicing resources. In that connection he trusted that UNICEF and UNDP would continue to evaluate their meetings and documentation requirements. Lastly, his delegation agreed that there was a need for more information regarding trends in meetings and documentation requirements and related workload statistics in order to ensure the cost-effective management of meetings and documentation resources.

41. Mrs. CLIFF (United Kingdom), speaking on behalf of the 12 States members of the European Community, said that they appreciated the efforts of the Committee on Conferences, especially in view of the growing demands on the Organization, which made improving the use of conference-servicing resources even more important. Unfortunately, the Committee's recommendations remained timid, non-specific and, for the most part, unchanged from previous years. As they had suggested during the forty-sixth session, the Twelve believed that the Committee should be given greater standard-setting powers with an eye to implementing recommendations 1, 2 and 3 of the Group of High-level Intergovernmental Experts to Review the Efficiency of the Administrative and Fianancial Functioning of the United Nations.

42. Paragraph 28 of resolution 46/190 had taken a step in that direction by calling upon the Committee on Conferences to explore more effective ways of implementing its current terms of reference and the relevant recommendations of the Group. Regrettably, the Committee's report (A/47/32) gave no

(Mrs. Cliff, United Kingdom)

indication of its having acted on either that or a number of other requests contained in the resolution, including one to consider alternative scheduling arrangements for the substantive session of the Economic and Social Council (para. 3) and another to review the possibility of raising the utilization benchmark figure to 85 per cent (para. 15), as the Twelve had proposed during that session. They would be grateful for an explanation.

43. The Twelve reiterated their opinion that the Secretariat should be called upon to produce qualitative indicators of the use made of conference time for the purpose of nuancing the utilization factor, and that the power of the Committee on Conferences should be reinforced in that regard. Given the high cost of conference servicing and the increasing demands on the Organization, they continued to believe that the duration and frequency of conferences and meetings of bodies that had a consistently low utilization factor should be reduced. Turning to the Committee's recommendation that the Secretariat should develop a notional cost per hour of meeting, they suggested that it and the relevant General Assembly resolutions and guidelines should be brought to the attention of members of United Nations organs at the end of the first meeting of their sessions, when more delegates would be present, rather than at the beginning. They would also like to know how the notional cost per hour would differ from the full-cost estimates already presented in statements of programme budget implications. With respect to the request for the Secretariat to ensure that future reports on trends in meeting and documentation requirements and related workload statistics were presented in a more consistent and comparable manner, they strongly urged that any analysis should include detailed reference to areas where reductions had occurred, rather than just indicating growth.

44. There had been no progress in limiting the number of exceptions to the rule that no subsidiary organ of the General Assembly might meet at Headquarters during a regular session of the Assembly, despite the specific request contained in resolution 46/190. As they had remarked before, the Committee's tendency to agree to any request, whether for an exception to a rule, an extension of a meeting or additional conference-servicing resources, seriously undermined its credibility and reinforced the urgent need for a review of its terms of reference.

45. The Twelve were disappointed that the introduction of new technology had not improved productivity and reduced costs in the area of documentation. It supported the recommendation to draw the rules relating to the control and limitation of documentation to the attention of all organs at the start of their sessions and thought that those rules should also be applied to the Secretariat, since it produced most of the Organization's reports. In that connection, it would like to know the cost of a page of documentation, which should also be drawn to the attention of those organs and the Secretariat.

46. With respect to the provision of written meeting records to subsidiary organs of the General Assembly, the Twelve supported the recommendations of

(Mrs. Cliff, United Kingdom)

the Committee in paragraphs 66 and 67 of its report and looked forward to receiving information on the estimated savings from the Secretariat before the end of the session. However, an attempt should have been made to review the entitlement to summary records of the seven remaining subsidiary bodies exempted under resolution 37/14 C. There could be no case for providing summary records to bodies that continued to submit voluminous reports containing summaries of their discussions.

47. They drew attention to the conclusions of the Committee for Programme and Coordination (CPC) regarding the problems it had faced at its recent resumed session, as well as to its stated readiness to refuse to consider agenda items for which pre-sessional documents were presented after the beginning of a session. Other committees might consider adopting the same approach. It should be emphasized that the late submission of documents was often the fault of the substantive departments and of the planning and clearance process.

48. The Twelve reiterated their belief in the urgency of eliminating publications that were no longer useful, were being duplicated or had minimal impact on the intended users. Urgent consideration should also be given to the continuing need for glossy editions of certain publications. Considerable savings could also be achieved by taking immediate action to review and prune Organization's mailing lists, which were probably seriously out of date.

49. With regard to the report of the Secretary-General on the review of the Office of Conference Services (OCS) (A/47/336), the Twelve agreed with the Committee that, while it presented a good overview of the Office's problems, it was overly timid and lacked detail. Neither the cost-benefit aspects of implementing new technologies nor the Secretary-General's financial recommendations had been adequately addressed in the report. The report also failed to provide data on staff levels and productivity per unit and over time. Despite the specific reference in paragraph 26 of resolution 46/190 to the Management Advisory Service's involvement in the review, the report did not appear to reflect any input from that Service. They would be grateful if those statistics and an explanation of the latter shortcoming could be provided in the Secretariat's response to the Fifth Committee.

50. The Twelve fully endorsed the comments and observations of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) in its related report (A/47/7/Add.1). They would expect the review of OCS to continue. The Secretary-General should be asked to submit to the General Assembly at its forty-eighth session a document containing innovative proposals, sufficient statistics and the results of applying cost-benefit analyses and workload standards. In that connection, the note by the Secretary-General on the status of documentation of the Fifth Committee (A/C.5/47/L.1) did not mention the report on the elaboration of unified workload standards for conference-servicing staff, requested for submission to the General Assembly at its forty-seventh session in resolution 45/248 A. The Twelve were curious to know when the Fifth Committee would receive that document.

(Mrs. Cliff, United Kingdom)

51. In view of the decision by the Committee on Conferences to move its substantive meeting from August to March or early April, they would appreciate confirmation that the change would not adversely affect the scheduling of other meetings during the busy spring season. With respect to the Committee's recommendation on the installation of signalling equipment whenever a speech time-limit was established (A/47/287), it deserved further consideration with a view to taking a decision during the current session. Finally, while the Twelve were grateful to the Secretariat for its publication of a consolidated statement of scheduled special conferences for 1993 (A/C.5/47/1) in accordance with resolution 46/190, they believed that it would be more useful if it were to be prepared and submitted towards the end of the regular session of the Fifth Committee, rather than at the beginning.

52. Mr. LAHDEVIRTA (Finland), speaking on behalf of the Nordic countries, said that, given the financial situation of the Organization, excessive resources allocated to conference servicing meant fewer resources for programme implementation. In the current international environment, the meeting frequency and servicing requirements of the different bodies needed to be kept under constant review in order to reflect the many changes. For that reason, they supported the recommendations made by the Committee on Conferences for the continued review of the Office of Conference Services, in accordance with resolution 46/190.

53. They welcomed the trend towards better utilization of conferences services and thought that, in the light of the improvements achieved, the utilization target level might be raised from 75 to 85 per cent. With respect to the organs for which the utilization factor was consistently lower than the current benchmark, they hoped that the consultations which the Committee on Conferences had asked its Chairman to undertake with the chairmen of those organs would help to pinpoint the problems and determine their actual conference-servicing requirements. In the opinion of the Nordic countries, utilization factors could be further increased by improving the planning of informal consultations, limiting the time allowed to each speaker in all organs and at all meetings and starting meetings on time, whether or not all delegations were present. They supported the Committee's decision to request the Secretariat to develop a notional cost per hour of meeting time as a means of impressing the consequences of inefficiency on the different organs.

54. The Nordic countries agreed with the Committee that future reports on trends in conference-servicing requirements should be presented in a more consistent and comparable manner and should include a sector-by-sector analysis. In order to get a more comprehensive picture, they would also like the statistics of the other duty stations to be taken into account.

55. In order to cut costs, it was essential to avoid peaks and valleys in the conference calendar and to try to ensure that periods of low activity at one duty station were balanced by periods of high activity at the others. Overlaps in the meetings of the larger organs should be avoided. A

(Mr. Lahdevirta, Finland)

computer-based system for scheduling interpreters' assignments and exchanging permanent staff between duty stations would help to minimize the need for freelance interpreters. It should be made clear that responsibility for notifying the Office of Conference Services of cancellations lay with the bureau of each organ.

56. Turning to the question of documentation, he said that, while the implementation of technological innovations had increased the Secretariat's production capabilities, rather than producing the same number of documents more quickly, it was now producing more documents. All attempts to limit the number and pages of documents were welcome, and more attention should be given to the fundamental skill of concise drafting. Furthermore, the Member States must act responsibly by limiting the circulation of their communications as United Nations documents. It was also necessary to reduce the number of bodies receiving summary records to a minimum, which was why the Nordic countries supported the Committee's intention to assess the validity of the guidelines on the provision of written meeting records at its 1993 substantive session.

57. Compliance with the six-week rule for the issuance of pre-session documentation was essential, and they urged the Secretariat to consider concrete measures to improve its observance. While they understood that the exceptionally late submission of documents for the current session of the General Assembly was due in part to the ongoing restructuring of the Secretariat, they expected that situation to be corrected before the forty-seventh session.

58. Mr. YAHIA (Malaysia) said that his delegation supported the Committee's recommendation that the General Assembly should adopt the draft revised calendar of conferences and meetings for 1993 as submitted. It shared the views of the Committee on the need to reschedule the sessions mentioned in paragraphs 15 and 16 of its report (A/47/32) in order to prevent overlapping and to achieve a more even distribution of meetings throughout the year. Doing so would not only ensure the wider participation of Member States but would also improve the utilization of resources. In that regard, it fully supported the proposal to allow the Committee to make any adjustments necessitated by actions and decisions taken by the General Assembly at its current session.

59. His delegation concurred with most of the Committee's recommendations for improving the use of conference-servicing resources, in particular with the need to continue to urge all United Nations organs to utilize the conference services allocated to them in the most efficient and effective manner. With respect to the proposal to install time-limit signalling systems at Headquarters locations (A/47/287), it believed that such systems would be both useful and feasible. It concurred with the Secretary-General's opinion that the portable system would be more suitable in view of its much lower cost, but it thought that a cost-analysis should be made, with consideration being given

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to the possibility of renting or leasing such equipment. It also hoped that a more detailed costing reflecting the requirements of all the regional commissions would be made available.

60. While his delegation was pleased to read in the report of the Secretary-General (A/47/336) that the working methods of the Office of Conference Services had been found to be generally efficient and effective, it wished to stress the importance of close coordination and planning between conference services at New York, Geneva and Vienna and all the subsidiary bodies and organs of the United Nations. It agreed that planning could be improved through more systematic, mandatory consultations between conference services and substantive offices. In view of the high cost of cancelling meetings with interpretation services at short notice and the frequency of such cancellations, it also supported the Secretary-General's proposal that OCS should be given ample notice of any cancellations or changes in requirements.

AGENDA ITEM 102: FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS (A/47/5, vols. I, II and III, and Add.1-8, A/47/315, A/47/460, A/47/500 and A/47/510)

61. Mr. PREMPEH (Chairman of the Board of Auditors), introducing the reports of the Board of Auditors, said that, in addition to the reports on the United Nations organizations for which the Board had audit responsibility, it had also issued a report on the financial statements of the United Nations Joint Staff Pension Fund which would be incorporated in the report of the United Nations Joint Staff Pension Board.

62. As recommended by the General Assembly in paragraph 4 of resolution 46/183, the Board had continued its practice of providing separate sections summarizing its recommendations and indicating their relative priority. It had also submitted a concise document summarizing its principal findings, conclusions and recommendations of common interest, as requested in paragraph 11 of the same resolution. In response to the request made in paragraph 17 (a) of that resolution, the Board had included in the annexes to each report its comments on the implementation by administrations of previous audit recommendations. In compliance with paragraph 10 of the resolution, the Board had conducted a further review of the liquidity positions of the organizations and presented the information in a standardized format.

63. The Board welcomed the measures taken by the Administrative Committee on Coordination to adopt a set of common accounting standards across the United Nations system, and was encouraged by the moves within the United Nations itself to present a streamlined budget for 1994-1995. In order to highlight its observations and recommendations, the Board had continued to present its reports in two parts, covering financial statements and management issues respectively. During the biennium 1990-1991, the Board had conducted horizontal studies in selected areas, namely, expendable and non-expendable

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property, internal audit and trust funds, in order to identify weaknesses common to many of the bodies audited which required timely action on an organization-wide basis.

64. Despite its efforts, the Board had found it difficult to limit the increasing size of its reports, mainly because of the tremendous growth in United Nations operations, including peace-keeping and special missions, and the increasing number of requests from the General Assembly for specific information. The expansion of peace-keeping operations and special missions had involved a corresponding increase in the commitment of financial and other resources and the Board had continued to take additional measures to ensure regular audit coverage of the relevant accounts. Its principal findings and recommendations on peace-keeping operations had been included in a separate section of the United Nations report.

65. The Board's Audit Operations Committee had maintained a continuing dialogue with the administrations and the internal audit services of the various organizations audited, in order to ensure adequate coordination of audit activities. It had also exchanged information with the Joint Inspection Unit and had met with ACABQ.

66. Turning to the main findings of the reports, he said that, with regard to accounts and financial reporting, further efforts were needed in the United Nations Development Programme (UNDP) and the United Nations Population Fund (UNFPA) to obtain timely audited statements of expenditure incurred by executing agencies and Governments. The proportion of expenditure for which no audit evidence had been received in due time was still too high to waive the qualification of the audit opinion.

67. On the question of budgetary control, he said that, in the performance budget of the United Nations, excess expenditure over final appropriations of a net amount of $11,971,200 was awaiting ex post facto approval by the General Assembly. In addition, allotments had been exceeded by expenditures for 21 of the 25 objects of expenditures, contrary to existing regulations, and closer monitoring was needed to keep expenditures within the allotments issued. In the United Nations Institute for Training and Research (UNITAR), expenditures in the General and Special Purpose Grants Fund had exceeded budget levels and needed to be kept within the levels approved, while advances to UNITAR from the General Fund for the past 10 years should be authorized by the General Assembly.

68. In many United Nations organizations, the Board had found that control over non-expendable property was inadequate. The standard excuse of staff shortages revealed the low priority accorded to control of non-expendable property by most organizations. In UNDP, for example, no physical verification had taken place since 1988 and basic information for efficient property management and economic use of resources was not available, while adequate accountability was not ensured in cases of loss or damage. Because

of lack of coordination among offices, no standard procedures existed for recording inventory holdings of peace-keeping property, and transfers of non-expendable property between field missions were not documented. To address the concern expressed by the General Assembly in paragraph 17 (c) of resolution 46/183, it was essential to ensure adequate control over non-expendable property, in order to guard against loss, damage and inappropriate use and make effective use of expensive assets.

69. The effectiveness of the internal audit service in many agencies was deficient for a number of reasons, including inadequate coverage of United Nations activities, the fact that internal auditors' independence was compromised by their involvement in operational duties, and the failure of senior management to respond to internal audit findings and recommendations. Because of organizational deficiencies, the coverage of the United Nations Internal Audit Division had been insufficient, especially for Geneva-based organizations. In addition, the participation of internal auditors in committees dealing with recruitment, promotion and grievances diminished their independence and created a potential conflict of interest. The audit coverage of UNDP and UNFPA activities by the Division for Audit and Management Review had been inadequate and the internal audit mandate needed to be revised to prove a proper legal basis. Audit and operational functions should be kept strictly separate in order to ensure auditors' independence. In the United Nations Children's Fund (UNICEF), adequate internal audit coverage had not been possible because of delays in filling vacant posts. Further problems were the failure to rectify weaknesses identified by internal auditors, the lack of opportunities for professional consultations, and inadequate supervision. Several units at the headquarters of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) had not been covered by internal audit for many years. The UNRWA Internal Audit Office should cover offices and departments at headquarters at regular intervals, and the Agency should avoid the use of internal auditors in line functions.

70. In the United Nations, budgetary control for general and technical cooperation and trust funds should be improved. The acceptance and utilization of contributions in kind by the United Nations Office of the Coordinator for Humanitarian and Economic Assistance Programmes relating to Afghanistan (UNOCA) should be based on the guidelines recently introduced. In UNDP, trust funds should be accepted only on a fully funded basis and should be modified or terminated in the event of a shortfall in funding.

71. In the award of procurement contracts, bidding had become the exception rather than the rule at the United Nations, with only 17 per cent of purchase orders awarded through competitive bidding during the biennium. The Board had stressed the need to rectify that long-standing situation, to adhere to financial rule 110.18 and to justify any departures from it. In peace-keeping operations and special missions, lack of coordination and inadequate monitoring procedures had led to delays in deliveries to field missions and effective coordination was needed to expedite the procurement process.

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72. With regard to programme management, the payments of salary allowances and other cash incentives to government employees involved in the implementation of UNICEF-assisted programmes should be discontinued, pending the development of an appropriate policy for consistent application. In UNFPA, the ratio between operational and programme costs had increased steadily during the past four years and further deterioration should be avoided. In the International Trade Centre, objectives of technical cooperation projects were over-ambitious with regard to funds and time schedules. Projects should be based on multi-year funding commitments in order to improve project planning and implementation. At the United Nations Environment Programme, project implementation should be based on available and projected funding in order to reduce the incidence of project revisions caused by funding difficulties. The Office of the United Nations High Commissioner for Refugees should ensure strict adherence to its procurement and disbursement procedures and should take measures to recover project funds misappropriated from a field office.

73. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the report of the Advisory Committee (A/47/500), said that the Advisory Committee had sought to highlight the important areas of the Board's report without commenting on every observation and recommendation. It had also provided background information in order to place some of the Board's comments or recommendations in context.

74. On the question of the format and content of audit reports, the Advisory Committee had exchanged views with the Audit Operations Committee and, in that connection, he wished to draw the Committee's attention to the observations contained in paragraphs 6 and 7 of the report.

75. The Advisory Committee had welcomed and endorsed all the Board's recommendations regarding the internal audit function and believed that the various administrations should give priority to reorganizing and strengthening internal auditing, since it was a crucial element in the administration, management and control of all United Nations operations. Reorganization and professional strengthening should help rectify the many shortcomings revealed in previous and current audit reports concerning areas such as the management and control of salary and allowances, personnel administration, consultants, efficient programme implementation and the consistent application of rules governing disciplinary action.

76. The audit reports contained a number of recurring themes, including the question of the management of the United Nations allotment system. Once again, the Advisory Committee had recommended that the system should be thoroughly re-examined, with a view to establishing a system effective in monitoring expenditures in a way that should take fully into account the needs of programme implementation. Procurement practices in the United Nations were another recurring theme and the Board had revealed over the years that competitive bidding was the exception rather than the rule. In paragraph 39

of its report, the Advisory Committee had requested the Board to conduct a special audit of procurement of goods and services in the administrations under its audit jurisdiction, and it looked forward to receiving the Board's report on the subject.

77. In view of the growing magnitude of peace-keeping expenditure, the Advisory Committee believed that the time had come for the Board to consider reporting separately on the financial report and accounts of peace-keeping operations. The modalities should be worked out between the Board and the Secretariat, and the Advisory Committee should be provided with proposals on the subject as a matter of urgency. In that way, many of the concerns expressed by the Board could be addressed.

78. The operational relationship between the United Nations and other audited programmes on the one hand, and executing agencies, Governments and implementing partners, on the other, had been given frequent emphasis by the Board in previous years, particularly as regards efficiency and the accountability of specialized agencies, Governments and non-governmental organizations acting as executing agents. The Advisory Committee had endorsed the Board's recommendations on the subject and had also agreed with the Board that policy guidelines were needed for the payment of salaries and other benefits to employees of operating partners, including both government officials and others.

79. As always, the Board had cited cases of fraud, presumptive fraud and mismanagement in its reports and it was a matter of concern that the existing rules for dealing with such matters did not seem to be applied in a consistent matter. The administrations concerned should review the matter carefully. In paragraph 53 of its report, the Advisory Committee had suggested a fresh approach to cases of fraud and embezzlement involving individuals who had left the jurisdiction of the United Nations, with the aim of encouraging debate on the matter in the administrations concerned and among Member States. All Member States were affected by such cases and should be interested in assisting in the recovery of funds and the prosecution of those involved.

The meeting rose at 12.40 p.m.